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18 Attorneys for Debtors and Debtors-in-Possession

19 **UNITED STATES BANKRUPTCY COURT**
 20 **DISTRICT OF NEVADA**

21 In re: USA COMMERCIAL MORTGAGE COMPANY,	22 Debtor.	23 Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
24 In re: USA CAPITAL REALTY ADVISORS, LLC,	25 Debtor.	26 Chapter 11 Jointly Administered Under Case No. BK-S-06-10725 LBR
27 In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,	28 Debtor.	29 Date: September 13, 2006 Time: 9:30 a.m.
30 In re: USA CAPITAL FIRST TRUST DEED FUND, LLC,	31 Debtor.	32
33 In re: USA SECURITIES, LLC,	34 Debtor.	35
36 Affects: 37 <input checked="" type="checkbox"/> All Debtors <input type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	38	39 COURT ORDERED STATUS REPORT REGARDING NOTICE OF NOVEMBER 13, 2006 CLAIM BAR DATE, PROOF OF CLAIM FORM AND PROOF OF INTEREST FORM (AFFECTS ALL DEBTORS)

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1 USA Commercial Mortgage Company (“USACM”), USA Capital Diversified Trust Deed
 2 Fund, LLC (“Diversified Fund”), USA Capital First Trust Deed Fund, LLC (“First Trust Deed
 3 Fund”), USA Securities, LLC (“Securities”), and USA Capital Realty Advisors, LLC (“Realty
 4 Advisors”) (collectively, the “Debtors”), by and through their undersigned counsel, hereby submit
 5 the following status report of the notices of the November 13, 2006 claim bar date, the proof of
 6 claim forms, and the proof of interest form.

7 A. SUMMARY OF FACTS

8 1. The Debtors commenced their respective bankruptcy cases by filing voluntary petitions
 9 for relief under chapter 11 of the Bankruptcy Code on April 13, 2006 (the “Petition Date”). The
 10 Debtors’ cases are being jointly administered pursuant to an order of this Court.

11 2. On August 31, 2006, the Court set November 13, 2006, as the date by which proofs of
 12 claim and proofs of interest forms must be filed to be considered timely filed.

13 3. The Court further set September 18, 2006, as the date by which notice of the bar date
 14 must be mailed to all creditors and other parties in interest and requested that the parties report to
 15 the Court on September 11, 2006, regarding any issues that the parties could not resolve regarding
 16 the notices, proofs of claim, and proofs of interest forms that are to be sent to all creditors and
 17 other parties in interest so that those issues could be determined at the September 13, 2006
 18 hearing. This status report is filed pursuant to the Court’s August 31, 2006 request.

19 4. The order setting the deadline for filings proofs of claim and proofs of interest has not,
 20 as yet, been entered.

21 B. STATUS OF PROGRESS

22 5. On August 8, 2006, Debtors circulated drafts of the following: (i) Notice of Deadline
 23 Requiring Filing of Proofs if Claim on or Before November 13, 2006 (directed to all persons and
 24 entities having interests in loans serviced by USACM); (ii) Notice of Deadline Requiring Filing of
 25 Proofs of Interest on or Before November 13, 2006; (iii) Notice of Deadline Requiring Filing of
 26 Proofs of Claim on or Before November 13, 2006 (directed to all persons and entities with claims
 27 against USACM, First Trust Deed Fund, Diversified Fund, Realty Advisors and Securities); (iv)
 28 Proof of Claim (Custom Scheduled Form); (v) Proof of Interest (Custom Scheduled Form); (vi)

1 Proof of Claim (Generic Form); and (vii) Proof of Claim (for Direct Lenders) (collectively
 2 referred to as the “Draft Forms”). Copies of the Draft Forms are attached hereto as **Exhibit A**
 3 **through G**, respectively.

4 6. Counsel for the Committee for the Diversified Fund and Counsel for the Committee for
 5 the First Trust Deed Fund have thus far submitted the following comments to the Draft Forms:

- 6 a. Additional clarification should be provided in the Draft Forms regarding the
 7 identify of the equity interest holders, the extent of each of their interests,
 8 and the allowance of their claimed interests;
- 9 b. Additional warning language should be included in the Draft Forms
 10 emphasizing the importance of filing the proof of claim and proof of
 11 interest forms in the correct Debtor bankruptcy case, and also including
 12 more specific language about the filing deadline;
- 13 c. Additional clarification should be provided in the Draft Forms regarding
 14 whether the proof of claim and proof of interest forms can be filed with the
 15 bankruptcy court clerk, and if so, the address of the bankruptcy court clerk
 16 and the specific filing deadline for filing with the bankruptcy court clerk;
- 17 d. The inclusion of address correction language as appropriate in the Draft
 18 Forms; and
- 19 e. The inclusion of the website information for each of the Committees in the
 20 Draft Forms.

21 Based upon these comments, the Debtors have prepared a revised Notice of Deadline
 22 Requiring Filing of Proofs of Interest on or Before November 13, 2006, a copy of which is
 23 attached as **Exhibit “H”**.

24 7. The Debtors also expect to receive comments to the Draft Forms from the Unsecured
 25 Creditors Committee and the Committee of Holders of Executory Contract Rights.

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8. The Debtors believe that most, if not all, of the comments from the Committees can be incorporated into the Draft Forms, and the Debtors and the Committees are working to try and reach a consensus on the Draft Forms prior to the September 13, 2006 hearing.

Respectfully submitted this 11th day of September, 2006.

/s/ Lenard E. Schwartzzer
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